

DEPARTMENT OF BUDGET AND FISCAL SERVICES  
**CITY AND COUNTY OF HONOLULU**  
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813  
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

KIRK CALDWELL  
MAYOR



NELSON H. KOYANAGI, JR.  
DIRECTOR

MAUNEL T. VALUBENA  
DEPUTY DIRECTOR

August 28, 2019

The Honorable Tommy Waters, Chair  
and Members  
Committee on Public Safety and Welfare  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

Dear Chair Waters and Councilmembers:

SUBJECT: Bill 40, Proposed CD1 (2019), Relating to Plastic

The Department of Budget and Fiscal Services (BFS) is opposed to Bill 40, proposed CD1 due to the unknown number of qualifying claimants and potentially significant fiscal impact to the City. The bill proposes to provide a real property tax exemption for an undetermined percentage and duration for real property that is deemed a "compliant food service ware restaurant".

The broad definition of "restaurant" allows establishments that sell consumer products alongside counter or self-serve food vending qualification for the exemption. The property, in whole or in part, qualifying as "restaurant" needs precise clarification. Examples of such establishments are Costco and Whole Foods. Furthermore, higher-end onsite dining restaurants that typically don't use plastic service ware or utensils would not bear transitioning costs but still qualify for reduced real property taxes. Also, there is no assurance that the tax savings would be passed on by the property owner to the qualifying business. Compliance with and enforcement of Chapter 41, Article 27, Revised Ordinance of Honolulu is essential to providing the citizens of Honolulu the health, life, and property benefits proposed by Bill 40 proposed CD1. It is beyond the expertise and function of the Real Property Assessment Division to make such determinations and estimate its fiscal impact.

If you have any questions, please call me at 768-3901.

Sincerely,

A handwritten signature in black ink, appearing to read "Nelson Koyanagi".

Nelson H. Koyanagi Jr., Director  
Budget and Fiscal Services

APPROVED:

A handwritten signature in black ink, appearing to read "Roy K. Amemiya, Jr.".  
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Roy K. Amemiya, Jr.  
Managing Director

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